

# KEY BISCAYNE POLICE OFFICERS' & FIREFIGHTERS' RETIREMENT PLAN

Village Council Chambers  
560 Crandon Blvd., Key Biscayne, FL 33149  
REGULAR MEETING OF MAY 26<sup>TH</sup>, 2011

**1. Call to Order** – Chairman Michael Haring called the meeting of the Key Biscayne Police Officers' & Firefighters' Retirement Plan to order at 5:38 P.M.

**Roll Call** – Secretary Servando M. Parapar, Chairman Michael Haring, Jose L. Monteagudo, Steve Liedman and Sherry L. Reed.

**OTHERS PRESENT:** Blake Myton from SunTrust Bank, Burgess Chambers from Burgess Chambers & Associates, Captain Jose Marti from the Police Department, Alison S. Bieler, Esq., from Cypen & Cypen, Attorneys for the Fund and Joan L. Wall, Administrator.

**2. Additions/Deletions to Agenda** – Chairman Haring requested adding "Collection of Fees from DROP Participants" to the agenda. Jose Monteagudo moved to add the item as #6 (f) under New Business. Servando Parapar seconded the motion. The motion carried unanimously.

**3. Approval of Minutes for March 24<sup>th</sup>, 2011.** Chairman Haring presented the minutes from the previous meeting for approval. Jose Monteagudo moved to approve. Steve Liedman seconded the motion. The motion carried unanimously.

**4. Approval of Invoices.** Chairman Haring presented the invoices listed on the agenda for approval and payment. Steve Liedman moved to approve payment. Jose Monteagudo seconded the motion. The motion carried unanimously authorizing payment of the following:

SunTrust Bank, Inv #227663 dated 4/27/11 for Qtr Ending 3/31/11	\$20,115.79
SunTrust Bank, Inv #224415 dated 4/27/11 for Qtr Ending 3/31/11	\$ 460.21
<u>Total</u>	\$20,576.00
 Holland & Knight, Inv #2644698 dated 4/25/11	 \$ 300.00
 Burgess Chambers & Associates, Inc., Inv #11-111 dated 4/15/11	
Investment Performance Monitoring and Advisory Fee	\$ 3,750.00
Burgess Chambers & Associates, Inc., Inv #11-136 dated 5/9/11	
Fourth Qtr, 2010 Inv Perf Monitoring & Advisory Fee (SHARE Plan)	\$ 1,659.74
Burgess Chambers & Associates, Inc., Inv #11-137 dated 5/9/11	
Fourth Qtr, 2010 Inv Perf Monitoring & Advisory Fee (DROP Plan)	\$ 90.26
<u>Total</u>	\$ 5,500.00

## UNFINISHED BUSINESS

**5. a) Review/Discussion of Agreement with Trusco/SunTrust** (continued from 1/27/11 and 3/24/11) Steve Liedman stated he would like to see break points in the fee as the market value of the plan increases. In response to the trustees request at the last meeting, Karla Engard from Burgess Chambers' office had forwarded an email stating *"it was standard business practice for investment managers to receive asset-based fees typically based on the market value at the end of each quarter. This fee may be negotiated to a lower rate as the market value increases"*. Mr. Myton of SunTrust stated a new arrangement would be negotiated. Changes had taken place with SunTrust that he would discuss further with his report.

**5. b) Adoption of Expected Assumption Rate of Return on Investments for the current year, next year and the long term as required by the Division of Retirement.** (continued from 3/24/11). Servando Parapar moved to continue this matter until the July meeting when input from the Village Manager was available regarding expected income for the Village from advalorem taxes. Steve Liedman seconded the motion. The motion carried unanimously.

## NEW BUSINESS

**6. a) Blake Myton from SunTrust – Investment/Market Report.** The S&P 500 ended its best quarter since 1998, up nearly 6%, while dollar weakness boosted international stock and bond returns, with interest rates ending the quarter modestly higher and rising commodity prices abetting inflation concerns. Regarding interest rates going up, just when and how much are causing sleepless nights for fixed income. SunTrust was still concerned about the small cap value performance. The market is moving into the third year of the current bull market for stocks, and corporate profits are at record levels. Equity returns are likely to continue to benefit from revenue growth, though margin expansion is expected to be constrained as input prices increase.

Mr. Myton distributed information regarding the current asset allocation and proposed fee comparisons based on various tiered options. Changes within SunTrust to completely separate Ridgeworth from SunTrust have been in the works for the past three years and are now complete. This will have an impact with plans to revamp the entire portfolio. SunTrust will take fiduciary responsibility for all managers and all active managers will be of high quality and conservative in nature. There will be implicit expense ratios, an open architecture feature, and institutional share products among other benefits. The current arrangement will be closed at the end of September, requiring a new agreement to be in place at that time. Information will be provided to the trustees via email a week prior to the July meeting with a revised contract sent to Attorney Bieler for review.

**6. b) Burgess Chambers & Associates – Performance Report for Quarter Ending March 31, 2011.** Mr. Chambers reported the quarter was strong, stating the following:

- For the quarter, the total Fund earned \$607K (+4.0% net), in line with the model portfolio. The best performing categories were: Ridgeworth emerging growth (+17.0%), Ridgeworth small-cap growth (+11.8%) and Frontier mid-cap growth (+8.0%)
- Fiscal year-to-date the total Fund earned \$1.4 million (+10.3% net), in line with the model portfolio.
- For the one-year period, the Fund earned \$1.8 million (+12.7% net), missing the model portfolio of +13.9%. The difference was due to the under-weighting of TIPS and modest under-performance from large-cap and international equities.
- For the three and five-year periods, the Fund outperformed the benchmark and ranked in the top 21<sup>st</sup> and 14<sup>th</sup> percentiles respectively.

Chairman Haring asked Mr. Chambers to put together a fee comparison regarding the new proposed fees from SunTrust.

**6. c) Request from SunTrust for trustee signatures, etc.** Cyphen & Cyphen's office had reviewed the form requested by SunTrust and advised against signing this as it would alter the current agreement the board had with SunTrust. A signature letter was prepared and approved by Cyphen's office that included the signatures, email addresses and phone numbers of all the trustees and advising that payment of any invoice, retirement benefit, etc. required the signature of three trustees. The trustees signed the letter.

**6. d) Review – Proposed Ordinance (Police DROP) and GRS Impact Letter.**

Chairman Haring advised the Village Council had passed this on first reading on May 24<sup>th</sup>, 2011. The proposed ordinance and impact letter will be forwarded to the Division of Retirement.

**6. e) Schools & Conferences**

- FPPTA, 27<sup>th</sup> Annual Conference, June 26<sup>th</sup> – 29<sup>th</sup>, 2011 at Renaissance Sear World Resort in Orlando, Florida.

**6. f) Collection of Fees from DROP.** Chairman Haring stated the quarterly fee for monitoring these investments was \$90.26 for the past quarter. He suggested imposing a \$10 per month fee to be deducted from each of the three firefighters currently in the DROP, with re-evaluation to be made periodically. Servando Parapar moved to advise SunTrust to begin deducting \$10 per month from each monthly benefit before it was forwarded to ICMA effective with the July 1, 2011 benefit and to review the matter every May meeting. Steve Liedman seconded the motion. The motion carried unanimously. Copies of the communication to SunTrust will be provided to each of the three DROP participants and to Anthony Chifari at ICMA.

**7. Trustees' Concerns** – Financial Disclosure Forms due 7/1/2011. Attorney Bieler requested the form be sent to all trustees via email. She recommended the trustees sign the form in blue ink, keep a copy for their records and send the form via certified mail to the Supervisor of Elections in the county in which the trustee resides.

**8. REPORTS**

- **Attorney** – Nothing new in regard to the IRS Determination Letter
- **Administrator** – The 2010 Annual Report was filed timely and a copy of the Village CAFR was provided to the Division of Retirement earlier this month.
- **Other** - Included with agenda packages are the following:
  - February & March, 2011 Commission Recapture Reports
  - Correspondence from Dr. Robert L. Maggs
  - March & April, 2011 Securities Monitoring Reports
  - SunTrust 2010 Addendum to Float Disclosure
  - Fiduciary Liability Insurance Policy

**9. Input from Active/Retired Members** - None

**10. Next Meeting Date/Adjournment-** Chairman Haring announced the next regular meeting was scheduled for Thursday, July 28<sup>th</sup>, 2011. Steve Liedman stated he would not be in town on that day, but would be present for the September meeting.

There being no further business before the board, Steve Liedman moved to adjourn at 7:08 PM. Jose Monteagudo seconded the motion. The motion carried unanimously.

Respectfully submitted,

Servando Parapar, Secretary